

TOPIC 9: THE RISE AND FALL OF NET FOREIGN CAPITAL OWNERSHIP DURING THE 20TH CENTURY

Question: How profitable was investing in foreign securities until 1929?

Piketty (2014) documents the rise and fall of net foreign capital ownership for both France and the UK: after WWI this type of capital ownership did not recover the high levels reached during the end of the 19th century. Using data from the project: Data for Financial History (www.dfi.fr), you are asked to study this historical change for the case of France, by focusing on the returns to investment in foreign financial capital.

The empirical challenge consists in creating a blue chips index for non French shares, following the methodology of Le Bris and Hautcoeur (2010), and study its performance between 1879 and 1929. More ambitiously: in addition (or alternatively) construct a similar index but for non French public securities, and compare performances.

References:

Le Bris, D., & Hautcoeur, P. C. (2010). A challenge to triumphant optimists? A blue chips index for the Paris stock exchange, 1854–2007. *Financial History Review*, 17(2), 141-183.

Dimson, E., Marsh, P., & Staunton, M. (2009). Triumph of the optimists: 101 years of global investment returns. In *Triumph of the Optimists*. Princeton University Press.

Piketty, T. (2014). The Metamorphoses of Capital. In *Capital in the Twenty-First Century* (pp. 113–139). Harvard University Press.

Important: I will provide you with the steps to follow in order to require the relevant DFIH datasets.

TOPIC 10: INEQUALITY IN THE DISTRIBUTION OF PROFITS AMONG SHAREHOLDERS

Question: How different was the performance of ordinary shares vs founders shares during the early 20th century?

As explained by Hautcoeur (1999), the incentives of all shareholders are not always aligned, and depending on the specific rights attributed to each security type, some shareholders might benefit more than others when critical decisions must be made at the corporation level. Furthermore, asymmetries of information can aggravate this problem. A case of study is portrayed by Rönnbäck and Broberg (2019a). Using data from the project: Data for Financial History (www.dfi.fr), you are asked to study the relative returns of ordinary shares (*actions ordinaires*) and founders shares (*parts de fondateurs*) listed by the same corporation during the period 1900-1935.

The empirical challenge consists in identifying firms with such type of securities listed in the Paris Stock Exchange, and then compare their performance following the methods used by Rönnbäck and Broberg (2019b).

References:

Rönnbäck, K., Broberg, O. (2019a). On the Ground Floor: The Corner House Group. *Capital and Colonialism: The Return on British Investments in Africa 1869–1969*, 283-309.

Rönnbäck, K., Broberg, O. (2019b). Data and Methods. *Capital and Colonialism: The Return on British Investments in Africa 1869–1969*, 69-95.

Hautcoeur, P. C. (1999). Asymétries d'information, coûts de mandat et financement des entreprises françaises (1890-1936). *Revue économique*, 1053-1087.

Important: I will provide you with the steps to follow in order to require the relevant DFIH datasets.

TOPIC 11: PUBLIC PROCUREMENT IN CHILE

Question: Can centrally organized markets make public spending more efficient?

In 2003, Chile launched a reform with the objective of modernizing its public procurement system. Among its main features was the introduction of a centrally organized digital market for goods and services usually required by multiple state agencies. This way, a central agency organizes large public tenders for specific types of goods and services, and after being awarded, introduces the goods into the digital marketplace for the agencies that might need them. Using the publicly data available from 2007 onwards, you are asked to study the evolution of public procurement through this central market in different dimensions.

The empirical challenge consists in managing a large dataset, constructing relevant measures of efficiency in public spending, and document their evolution.

References

Ortuzar, G. B., Sevillano, E. M., Castro, C. L., & Uribe, C. (2017). Challenges in Chilean E-procurement system: a critical review. *Digital Governance and E-Government Principles Applied to Public Procurement*, 170-202.

Singer, M., Konstantinidis, G., Roubik, E., & Beffermann, E. (2009). Does e-procurement save the state money?. *Journal of Public procurement*, 9(1), 58-78.

Gerardino, M. P., Litschig, S., & Pomeranz, D. (2024). Distortion by audit: Evidence from public procurement. *American Economic Journal: Applied Economics*, 16(4), 71-108.

Jorquera, M. (2019). Compras Públicas y Big Data: Investigación en Chile sobre índice de riesgo de corrupción.

TOPIC 12: COLONIALISM AND INEQUALITY

Question: Is inequality greater in former colonized societies?

This year, the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel was awarded to Daron Acemoglu, Simon Johnson, and James A. Robinson. Their famous paper on the colonial origins of development has been massively influential for several reasons, among them is the use of colonial settlers' mortality to disentangle a causal relationship between institutions and economic development. But what do we know about the relationship between colonialism and inequality? Using the World Inequality Data (wid.world) and the Colonial Dates Dataset (COLDAT, available at the Harvard Dataverse), you are asked to measure the relationship between these two features.

The empirical challenge consists in linking the datasets, prepare descriptive statistics, and calculate the correlations, using relevant and potentially informative controls. Understanding the limitations of such study is particularly important, as well as the relationship between inequality and the concept of extractive institutions developed by Acemoglu et al. (2001).

References:

Acemoglu, D., Johnson, S., & Robinson, J. A. (2001). The colonial origins of comparative development: An empirical investigation. *American economic review*, 91(5), 1369-1401.

Alvaredo, F., Cogneau, D., & Piketty, T. (2021). Income inequality under colonial rule. Evidence from French Algeria, Cameroon, Tunisia, and Vietnam and comparisons with British colonies 1920–1960. *Journal of Development Economics*, 152, 102680.

Alvaredo, F., & Atkinson, A. B. (2022). Top incomes in South Africa in the twentieth century. *Cliometrica*, 16(3), 477-546.

Tadei, F., & Alfani, G. (2019). Income inequality in French West Africa: building social tables for pre-independence Senegal and Ivory Coast.

Atkinson, A. B. (2014). The colonial legacy: Income inequality in former British African colonies (No. 2014/045). WIDER Working Paper.
